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SUBJECT: UK Welcomes MEM Forum; Will Seek Targets, Cap and Trade;
Unconvinced on MEM-UNFCCC Link

11. (SBU) Summary: DEFRA's Henry Derwent, Director of the Climate Change Office, told ESTH Counselor on September 21 that the UK strongly welcomes the Major Economies Meeting (MEM), is "delighted" by the focus on technology and technology transfer, and is pleased with the engagement of private business and the diverse group of participating countries and institutions. The UK wants the U.S. to put a long-term climate change goal on the table. The UK remains strongly supportive of cap-and-trade, and is "perplexed" about the lack of U.S. enthusiasm. They see a price for carbon as an essential tool to engage and drive the private sector. The UK remains unclear about the process for supporting the UN Framework Convention on Climate Change through the MEM. Derwent said that there will be no formal EU coordination for the MEM, although the UK will take EU views into account. End summary.

Welcoming U.S. Engagement, Broad Participation

12. (SBU) During a September 21 discussion of the MEM, Derwent's first and strongest comment to us was that the UK feels a sense of relief that the U.S. is "finally engaged" on climate change. (Note: This comment echoes what FCO Climate Change Representative John Ashton told us on September 18). On those grounds, the UK will strongly welcome the MEM forum. Derwent was complimentary about the Asia-Pacific Partnership (APP), noting the APP's success at engaging the private sector and at creating an "excellent" sense of equality between countries at the table. Participation of developing countries is "essential," Derwent said.

UK Seeking National Targets on Carbon

13. (SBU) The U.S.'s long-term goals on climate need to be "clarified," Derwent said. The UK believes the U.S. should set an ambitious long-term goal (presumably related to carbon) at a national level. The goal does not have to be precise, Derwent said.

An ambitious goal will "broadcast" to the investment community, Derwent said, that carbon emissions will come down a significant amount. The presence or absence of a long-term U.S. goal will be a litmus test to the UK about the seriousness of the U.S.'s engagement on climate change. Emission caps for the aviation and maritime industries remain a UK priority, he added.

Cap-and-Trade Needed to Draw in Private Sector

¶4. (SBU) The UK is a strong advocate of cap-and-trade to set a price for carbon, and they remain "perplexed" that the U.S. does not share their enthusiasm, Derwent said. The carbon cap-and-trade system will set a price, which in turn will bring in private sector funding. R&D funding, official development assistance (ODA) and economic self-interest all lumped together will not achieve the results needed to truly confront climate change, Derwent said. Despite much private sector rhetoric supportive of the climate change agenda, Derwent said that the private sector cannot invest too much in carbon mitigation without a clear monetary value attached to that investment. The private sector needs a carbon price and a carbon market, he said.

Lingering Doubts over MEM/UNFCCC Link

¶5. (SBU) Derwent said that U.S. statements linking the MEM and the UN FCCC were seen as afterthoughts or were prompted. He asked for additional explanation of exactly what the USG means by linking the MEM and the UNFCCC, and how that linkage would be accomplished.

The UK Delegation

¶6. (U) The members of the UK delegation to the MEM are listed below. Bio information will be sent septel.

- * Phil Woolas, DEFRA Minister of Environment
- * Michael Jacobs, Prime Minister's Advisor on Environment
- * John Ashton, FCO Special Representative on Climate Change
- * Graham White, Head, International Energy Department, DBERR (formerly Department of Trade and Industry)
- * Henry Derwent, Director, Climate Change Office, DEFRA

¶7. (U) The UK's matrix on clean energy policies was received and sent to State/OES and the White House Council for Environmental Quality on September 21. A version slightly modified to correct a typo was received on September 24 and was sent to OES and CEQ as well.

Comment

¶8. (SBU) The UK comes to the MEM hopeful that the U.S. is seriously engaging on climate change. However, they are still worried that our main objective is to thwart hard targets on carbon. The British would also like to see clearer explanations of the link between the MEM outcome and the UNFCCC. End comment.

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